United Nations A/67/15 (Part V)

General Assembly

Distr.: General
22 October 2012

Original: English

Sixty-seventh session

Report of the Trade and Development Board on its fifty-ninth session*

Geneva, 17-28 September 2012

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* The present document is an advance version of the report of the Trade and Development Board on its fifty-ninth session, held at the United Nations Office at Geneva from 17 to 28 September 2012. It will appear in final form, together with the reports of the fifty-fourth executive session, the twenty-fifth special session, the twenty-sixth special session and the fifty-fifth executive session of the Board, as *Official Records of the General Assembly, Sixty-seventh Session, Supplement No. 15* (A/67/15).

12-56247 (E) 221012

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Introduction

The fifty-ninth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 17 to 28 September 2012. In the course of the session, the Board held 12 plenary meetings, the 1083rd to the 1094th.

I. Action by the Trade and Development Board on substantive items on its agenda

A. UNCTAD's contribution to the implementation of the Istanbul Programme of Action for LDCs: First progress report

Agreed conclusions 513 (LIX)

The Trade and Development Board,

1. *Welcomes* the efforts of the UNCTAD secretariat in contributing to the implementation of the relevant commitments and actions of the Istanbul Programme of Action as detailed in the background report TD/B/59/3;

2. *Notes* with interest the evidence-based analysis of the impact of the recent multiple crises (food, fuel and financial) on the socioeconomic performance of least developed countries (LDCs) and their prospects for meeting graduation criteria by 2020 as well as the challenges facing them in ensuring food security as contained in the document UNCTAD/ALDC/2012/1;

3. *Recognizes* the challenges relating to poverty reduction in LDCs and in achieving the target of enabling half of the LDCs to meet the graduation criteria by 2020, largely due to their economic vulnerability and heavy dependence on a narrow range of low-skill, low value-added exports;

4. *Acknowledges* that climate change disproportionately affects the socioeconomic development of LDCs, considering that they have contributed least to the problem, as outlined in Istanbul Programme of Action, and that LDCs also face challenges in environmental degradation;

5. While considering that the LDCs have the ownership and the primary responsibility for their own development, *urges* them and their development partners to take concrete actions to implement agreed priority areas of the Istanbul Programme of Action with a view to attaining the goals and targets therein – most of which can only be achieved by creating the right economic and social environment to develop comparative advantages in different productive sectors and by fostering investment in building productive capacities, promoting structural economic transformation, including commodity and economic diversification, as well as enhanced social and human development and defining economic and social policies to reduce poverty, create jobs, improve standards of living and promote inclusive and sustainable development and economic growth in a perspective of gender equality;

6. *Underlines* the continued need for international trade-and-development-related support for LDCs, including official development assistance, foreign direct investment (FDI) and technology;

7. *Expresses* concerns that the progress towards graduation thresholds remains exceptionally slow, with only one fifth of the LDCs currently meeting the income threshold to date – with little improvement in the remaining two criteria, namely the human asset index and economic vulnerability index. If the current trend continues, the likelihood of the majority of LDCs meeting one or two graduation criteria remains very low;

8. *Encourages* the governments of LDCs to continue efforts to realize the potential of their commodities sector to spur development and structural transformation, including by leveraging commodities gains for economic development, integrating commodity policies into their domestic development policies and strategies, and unlocking domestic potential for sustainable development, inclusive growth and promoting competition and eradicating poverty;

9. *Encourages* also development partners of LDCs in a position to do so to provide continued assistance needed to improve agricultural productivity in LDCs through research, innovation and technological upgrading;

10. *Recognizes* that further efforts are needed to mitigate the impact of commodity price volatility on LDCs' economies through increased transparency in the commodity industry, reduced dependence on the exports of a few primary commodities, enhanced FDI for building productive capacities and by taking measures to effectively deal with the long-standing problems of food security in these countries and investing in infrastructures, human resources and institutional capacity-building;

11. *Welcomes* the offer of the Government of Turkey of scholarships for graduate students from LDCs in various fields, including natural sciences, engineering and technological sciences, medical sciences, agriculture and social sciences in Turkish universities;

12. *Encourages* UNCTAD to continue monitoring the progress of LDCs towards the agreed goals and targets of the Istanbul Programme of Action to identify successful policy experiences and best practices as well as remaining challenges for action at the national, regional and international levels;

13. *Calls upon* UNCTAD, in collaboration with other relevant United Nations system agencies, to implement paragraphs 41(o) and (p) of the Doha Mandate;

14. *Recalls* the recent decisions[1] regarding the UNCTAD Least Developed Countries Trust Fund and *encourages* countries in a position to do so to contribute towards the revitalization of that Trust Fund.

1094th (closing) plenary meeting
28 September 2012

[1] See paragraph 10 of TD/B/56/SC.I/L.2 and paragraph 11 of TD/B/58/SC.I/L.2.

B. Economic development in Africa: Structural transformation and sustainable development in Africa

Agreed conclusions 514 (LIX)

The Trade and Development Board,

1. *Takes note* of the UNCTAD secretariat's *Report on Economic Development in Africa 2012* subtitled *Structural Transformation and Sustainable Development in Africa*;

2. *Notes* that the Report's main message is that Africa should consider the option of relative decoupling, as reflected in the Report, in order to achieve sustainable structural transformation through the diversification of its economies that creates new jobs and decent work, and reduces poverty;

3. *Recognizes* that Africa has been strongly affected by climate change, despite its minimal contribution to it, and that Africa continues to face serious challenges from climate change and environmental degradation;

4. *Recognizes* the importance of structural economic transformation and economic diversification in Africa for the creation of new jobs and decent work, and the achievement of inclusive growth and poverty reduction, and *encourages* further efforts in this field;

5. *Acknowledges* Africa's commitment to sustainable development based on three interdependent and mutually reinforcing pillars: economic development, social equity and environmental sustainability, and its contribution to the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, in June 2012, as well as other initiatives taken by the African countries at all levels, particularly as mentioned in the Report;

6. *Expresses* concern that despite the high rates of economic growth sustained over a period of more than 10 years and progress in reducing the number of people living in extreme poverty, poverty remains widespread in Africa, and the pace of poverty reduction in Africa has not been as fast as in other developing regions;

7. *Takes note* that sustainable structural transformation could be achieved by taking into account a more efficient use of natural resources and a lower negative impact on the environment, and *highlights* that financial flows, including investment, and predictable and sustainable technical assistance within an enabling economic environment at all levels in accordance with the Doha Mandate, will strengthen the achievement of structural transformation;

8. *Acknowledges* that investment, innovation and technological development could be the main drivers of the decoupling process;

9. *Recognizes* that the difficulty of rising to the challenge of shifting to sustainable development, including through sustainable structural transformation, could be addressed through a country-driven approach that focuses its interventions on the following key priorities: the generation of adequate energy to power the economy, the enhancement of industrialization strategies, the improvement and modernization of the agricultural sector and agro-industries, including agribusinesses, and support to smallholder farmers;

10. *Recognizes* Africa's immediate, short and medium-term environmental challenges as a central development issue and the region's need for sustainable structural transformation;

11. *Invites* Africa's development partners to consider, as a priority, to assist Africa in its quest for sustainable economic structural transformation through, inter alia, enhanced innovation and technology for increased value addition; the delivery of needed resources, including financial services to support small and medium-sized enterprises and microenterprises; the diversification of the economy; the attraction of foreign direct investment conducive to sustainable development; investment in infrastructures, and institutional and productive capacity-building;

12. *Calls for* the fulfilment of previous commitments and *pledges* to help Africa's efforts in achieving sustainable development;

13. *Requests* UNCTAD, within its mandate and available resources, to continue its policy analysis and research on economic development issues of relevance to Africa and to reinforce efforts to disseminate its research findings and to continue its cooperation with the African Union and all relevant economic institutions.

1094th (closing) plenary meeting
28 September 2012

C. Review of the technical cooperation activities of UNCTAD and their financing

Decision 515 (LIX)

The Trade and Development Board,

1. *Takes note* of the technical cooperation activities carried out by the UNCTAD secretariat in cooperation with beneficiaries, development partners and other international organizations;

2. *Takes note* of the reports prepared by the secretariat for the Working Party on the Strategic Framework and the Programme Budget;

3. *Reaffirms* the role of the Working Party on the Strategic Framework and the Programme Budget as the main mechanism for consultations among member States on all issues regarding technical cooperation and for interactive debate among the secretariat, potential beneficiaries and donors;

4. *Further takes note* that the total delivery of the technical cooperation programmes and activities of UNCTAD has remained stable, but there is still important work to be done;

5. *Welcomes* the increase in contributions to UNCTAD technical cooperation activities, and reaffirms the importance of sustainability and predictability in UNCTAD technical cooperation activities;

6. *Notes* with interest the information regarding the new funding mechanisms, such as the multi-donor trust funds funding joint programmes at the country level, and their contribution to system-wide coherence, and *invites* donors in a position to do so to provide adequate resources to these mechanisms;

7. *Expresses appreciation* for the support provided by bilateral and multilateral donors and invites donors in a position to do so to make multi-year contributions to UNCTAD thematic trust funds in order to facilitate the planning and implementation of technical cooperation activities, and their predictability and efficiency;

8. *Encourages* all donors to use the compilation of requests prepared by the secretariat as a relevant tool to allocate their contributions according to the needs and priorities of beneficiary countries;

9. *Encourages* donors in a position to do so to contribute towards the revitalization of the Least Developed Countries Trust Fund, in order to enable UNCTAD to respond to the requests for technical assistance from least developed countries, including support provided for the implementation of the Istanbul Programme of Action;

10. *Calls* on the secretariat to continue to strengthen its contribution to the Enhanced Integrated Framework, including working with other agencies to mainstream trade in LDCs' national development plans in accordance with paragraph 18 (e) of the Doha Mandate;

11. *Requests* the secretariat to continue its efforts to enhance coherence in the planning and implementation of technical cooperation programmes, including strengthening coordination with Geneva-based Permanent Missions and ensuring synergies with the UNCTAD research and analysis and consensus-building pillars, improving transparency of the utilization of resources and further enhancing interdivisional coordination and cooperation with the other relevant international organizations through synergies and complementarities;

12. *Emphasizes* the importance of results-based management in the delivery of technical assistance, including the utilization of standard United Nations performance indicators that measure impact, during planning, implementation, monitoring and evaluation, and of carrying out technical assistance in an effective and transparent manner, contributing to the efficiency and effectiveness of UNCTAD's work;

13. *Emphasizes* in this regard the need to continue the process of simplifying the structure of UNCTAD technical cooperation through the establishment of multi-year, multi-donor thematic trust funds without compromising the scope, content and quality of the delivery of UNCTAD technical assistance and its capacity to deliver tailor-made assistance to the requests of beneficiaries;

14. *Commends* the secretariat on its activities in support of the United Nations system-wide reform and *notes with appreciation* UNCTAD's lead role in the United Nations Inter-Agency Cluster on Trade and Productive Capacity and the effective contribution of the Cluster to the implementation of the Aid for Trade initiative.

1088th plenary meeting
19 September 2012

D. Matters requiring action by the Board in the follow-up to the thirteenth session of the Conference

Follow-up to the Joint Inspection Unit report and the agreed conclusions of the twenty-sixth special session of the Trade and Development Board on 6 July 2012

Decision 516(LIX)

The Trade and Development Board,

1. *Recalling* the decision taken at UNCTAD XIII regarding the Joint Inspection Unit report, as well as reaffirming its decision at its twenty-sixth special session contained in document TD/B(S-XXVI)/L.1, and with a view to strengthening UNCTAD,

Decides:

2. *To express* its appreciation to the secretariat for its efforts to prepare the Work plan for enhancing the management and administration of UNCTAD, as contained in the document TD/B/59/CRP.2;

3. *To request* the secretariat to enhance the management and administration of UNCTAD through the implementation of the presented work plan and based on the Trade and Development Board's deliberations at its fifty-ninth session under agenda item 12;

4. *Expects* at its sixtieth session a comprehensive progress report on the implementation, as well as welcomes updates to be given before the session.

1094th (closing) plenary meeting
28 September 2012

E. Other action taken by the Board

UNCTAD's contribution to the implementation of the Istanbul Programme of Action: First progress report

1. At the Board's 1094th (closing) plenary meeting, on 28 September 2012, the President presented the report of the Chair of Sessional Committee I, Mr. Mukhtar Tileuberdi of Kazakhstan, on his behalf. The Board took note of the report of Sessional Committee I as contained in document TD/B/59/SC.I/L.1 and endorsed the agreed conclusions in the non-paper of 28 September 2012 (see section I.A).

Economic development in Africa: Structural transformation and sustainable development in Africa

2. Also at its 1094th (closing) plenary meeting, on 28 September 2012, the President, speaking on behalf of the Chair of Sessional Committee II, Mr. Umunna Humphrey Orjiako of Nigeria, presented the Chair's report to the Board. The Board took note of the report of Sessional Committee II as contained in document TD/B/59/L.1/Add.3 and endorsed the agreed conclusions in the non-paper dated 28 September 2012 (see section I.B).

Review of the technical cooperation activities of UNCTAD

3. At its 1088th plenary meeting, on 19 September 2012, under agenda item 11(a), the Board adopted the draft decision on the technical cooperation activities of UNCTAD and their financing contained in document TD/B/WP/245 (see section I.C).

Report on UNCTAD assistance to the Palestinian people

4. At its 1091st plenary meeting, on 24 September 2011, the Board took note of the report by the UNCTAD secretariat in TD/B/59/2, as well as the statements made by delegations.

Progressive development of the law of international trade: forty-fifth annual report of the United Nations Commission on International Trade Law

5. At its 1088th plenary meeting, the Board took note of the annual report of the United Nations Commission on International Trade Law at its forty-fifth session (A/67/17; New York, 25 June–6 July 2012).

Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its forty-sixth session

6. Also at its 1088th plenary meeting, the Board took note of the report of the forty-sixth session of the Joint Advisory Group (Geneva, 21-22 May 2012) as contained in document ITC/AG(XLVI)/248. The report was presented by Mr. Francisco Pírez Gordillo (Uruguay).

Report of the Working Party on the Strategic Framework and the Programme Budget

7. At its 1088th plenary meeting on 19 September, the Board took note of and endorsed the agreed conclusions of the Working Party at its sixty-first session, contained in TD/B/WP(61)/R.1. The Board took note that the report of the sixty-first session would be completed after its resumed session, to be held in October 2012, and would be submitted to the fifty-sixth executive session of the Board.

8. Also at its 1088th plenary meeting, the Board adopted the draft decision on agenda item 3 that had been formally approved by the Working Party at its sixty-second resumed session on 14 September 2012 and endorsed the agreed conclusions of the Working Party as contained in document TD/B/WP/245.

Report by the President of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action on the implementation of courses by the secretariat in 2011–2012 and their relevant impact; and the appointment of members of the Advisory Body for 2013

9. At its 1088th plenary meeting, the Board took note of the report of the Advisory Body as contained in TD/B/59/CRP.4/Rev.2. At its 1094th plenary meeting, the Board elected members of the Advisory Body for 2013 as follows: Mr. Jüri Seilenthal (Estonia), Mr. Boudjema Delmi (Algeria), Mr. Shree Baboo Chekitan Servansing (Mauritius), Mr. Abdul Samad Minty (South Africa), Mr. Maung Wai (Myanmar), Mr. Abdula Nasser Musallam Al-Rahbi (Oman), Mr. Ravinatha P. Aryasinha (Sri Lanka), Mr. Alfredo Suescum (Panama), Mr. Ulises Canchola Gutiérrez (Mexico), Mr. Mario Matus (Chile) and Ms. Gabriele Boner (Germany).

Designation of intergovernmental organizations for the purposes of rule 76 of the rules of procedure of the Board

10. The Board took note that the Inter-Parliamentary Union had been removed from the list of non-governmental organizations having status with UNCTAD and appeared in the list of intergovernmental organizations as an observer international organization of parliamentarians (TD/B/EX(53)/8; decision 506 (EX–53)). The Board also took note that the intergovernmental organization International Textiles and Clothing Bureau had ceased to exist.

Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

11. The Board approved the applications of Coordination Sud (Solidarité Urgence Développement) (TD/B/59/R.1) and Office Africain pour le Développement et la Coordination (TD/B/59/R.2) to be granted observer status with UNCTAD.

Review of the calendar of meetings

12. Also at its 1094th plenary meeting, the Board approved the calendar of meetings for the remainder of 2012 and the indicative calendar for 2013 contained in document TD/B/59/CRP.1/Rev.2.

Membership of the Working Party for 2013

13. The Board approved the membership of the Working Party for 2013 as follows: Albania, Algeria, Belarus, China, Côte d'Ivoire, El Salvador, Germany, the Islamic Republic of Iran, Lesotho, Mexico, Nepal, Peru, the Russian Federation, Switzerland, the United States of America and Viet Nam.

14. The Board took note that three nominations were still forthcoming from Group B.

Review of the lists of States contained in the annex to General Assembly resolution 1995 (XIX)

15. Also at its 1094th plenary meeting, the Board reviewed the list of States members of UNCTAD. The membership list was before the Board in TD/B/INF.222.

Administrative and financial implications of the actions of the Board

16. Also at its 1094th plenary meeting, the Board took note that the actions taken at its fifty-ninth session had had no financial implications.

Adoption of the report on credentials

17 Also at its 1094th plenary meeting, the Board adopted the report of the Bureau on credentials of representatives participating in the fifty-ninth session of the Board, as contained in document TD/B/59/L.2.

Provisional agenda for the sixtieth session of the Board

18. Also at its 1094th plenary meeting, the Board decided to refer consideration of this item to consultations of the President. The provisional agenda would be drawn up and submitted for approval at an appropriate time.

19. The Board approved the draft provisional agenda for its fifty-sixth executive session, to be held on 3 and 4 December 2012, as contained in the non-paper of 20 September 2012.

Adoption of the report

20. At its closing plenary meeting, the Rapporteur introduced the draft report of the Trade and Development Board on its fifty-ninth session, as contained in TD/B/59/L.1 and Add.1 to Add. 9, TD/B/59/SC.I/L.1; the agreed conclusions on agenda items 5 and 6 as contained in the non-papers dated 28 September 2012, the decision contained in the non-paper of 28 September 2012 relating to agenda item 12(a); and the decision in TD/B/WP/245, related to agenda item 11(a).

21. Also at its closing plenary meeting, the representatives of three regional groups requested that their statements regarding the Joint Inspection Unit report be reflected in the report on the fifty-ninth session of the Trade and Development Board.[2]

II. President's summary[3]

A. Opening statements

22. The following speakers made opening statements: Mr. Mothae Anthony Maruping (Lesotho), President of the Trade and Development Board at its fifty-eighth session; Mr. Hamad Bin Abdulaziz Al-Kawari, Minister of Culture, Arts and Heritage of Qatar; Mr. Supachai Panitchpakdi, Secretary-General of UNCTAD; the representative of Indonesia, speaking on behalf of the Group of 77 and China; the representative of the Islamic Republic of Iran, speaking on behalf of the Asian Group; the representative of Nigeria, speaking on behalf of the African Group; the representative of Paraguay, speaking on behalf of the Group of Latin American and Caribbean States; the representative of the European Union; the representative of Hungary, speaking on behalf of Group D; the representative of Nepal, speaking on behalf of LDCs; the representative of China; the representative of Paraguay, speaking on behalf of the landlocked developing countries; the representative of Sri Lanka, speaking on behalf of the Group of 15, the representative of Mexico; the representative of Switzerland; the representative of Thailand; the representative of Egypt; the representative of Malaysia; the representative of Barbados; the representative of Japan; the representative of Turkey; the representative of Côte d'Ivoire; the representative of the non-governmental organization International Trade Union Confederation; the representative of Argentina; the representative of Morocco; the representative of Zimbabwe; the representative of the United States; the representative of the Russian Federation; the representative of Tunisia; the representative of South Africa; the representative of South Sudan; the representative of Ecuador; the representative of the Sudan and the representative of the non-governmental organization LDC Watch.

23. The Minister of Culture, Arts and Heritage of Qatar said that he was proud of being a part of the consensus-building process of UNCTAD XIII. UNCTAD could and should serve as a unique venue where consensus could be built and captured, and where ideas could be exchanged and presented to relevant negotiating bodies, thus contributing greater coherence to the global discourse on development. The Qatari Presidency of the Conference held several expectations for UNCTAD: to contribute proactively to the substantive preparations and review of the Millennium Development Goals (MDGs) by defining new global goals on inclusiveness of the multilateral trading system and by building economic capacities essential for national development and meaningful participation in the global economy, to continue to offer ideas on overcoming the global financial crisis and to contribute to the implementation of the Rio+20 outcomes .

24. The outgoing President of the Trade and Development Board said that 2011 had been a very challenging, yet fulfilling year. Intense preparations for UNCTAD-XIII had led to a successful consensus outcome to the Conference. He said that UNCTAD should be guided by

[2] Electronic versions of statements by delegates are available in PDF format on the UNCTAD website in the form and language in which they were received (www.unctad.org/tdb59/statements). Audio files (floor/English) *of general statements and statements* made at the high-level segment, among others, are also available on the website (www.unctad.org/tdb59/audio). See section II (L).

[3] See footnote above.

the principles of "otherness" and "doing the right thing" to meet the vast challenges facing the Organization. Those included having a say in the global discourse on finding a solution to the financial and economic crisis, dealing with migration and its impact on trade and development, and focusing on core economic fundamentals to achieve the MDGs without losing sight of the human factor. It was to be hoped that for the fiftieth anniversary of the Organization, to be celebrated in 2014, it could make a contribution to the global development discourse that would have a positive effect on the course of development.

25. The President of the Trade and Development Board at its fifty-ninth session said that much work lay ahead in the follow-up to UNCTAD XIII and the Doha Mandate. He urged all members to do their part in ensuring that the work was carried out efficiently and effectively with a view to delivering sound results on the mandates of the Organization. The goal in the immediate term, however, would be to have a successful and meaningful outcome of the present session of the Board.

26. The Secretary-General of UNCTAD reviewed current economic, trade and trading system trends, which justified strengthening UNCTAD's consensus-building role. He said that globalization would increase because its support would come from the world over, not only from more advanced economies. Factors contributing to globalization included a drive for technological change, information and communications technology, the Internet and growing interconnectedness. The months ahead would be crucial, as another global financial and economic crisis might be looming. He took very seriously the follow-up to the report of the Joint Inspection Unit on the administration and management of UNCTAD and the agreed conclusions from the last special session of the Board. He had taken a number of steps aimed at improving the functioning of UNCTAD and stood ready to oversee the implementation of additional measures that could be taken within available resources. He pledged his full support for the Doha Mandate and results-based management.

27. Many delegations underlined the importance of UNCTAD's role as the United Nations focal point for the integrated treatment of trade, development and related issues. Some delegations called for a strengthening of UNCTAD's role in intergovernmental dialogues.

28. Several delegates highlighted the links between trade and issues such as the global economic slowdown, employment, exchange rate volatility, climate change, the green economy, competition policy and good governance.

29. Many delegates expressed concern about protectionist practices that had increased since the beginning of the financial and economic crises. They said that UNCTAD should analyse the impact of these practices and lend their support to progress in the Doha Round negotiations, particularly the Doha Development Agenda. Topics discussed covered the importance of addressing non-tariff measures and their negative impacts on exports from Africa and LCDs in general. Action in this context should be complemented by trade-related cooperation programmes, including the Enhanced Integrated Framework and of Aid for Trade. UNCTAD assistance should be aimed at the elimination of non-tariff barriers, the simplification of standards and technical regulations and rules of origin, and the implementation of all commitments and decisions pertaining to special and differential treatment for LDCs' products. UNCTAD should continue providing technical assistance to LDCs to facilitate the accession process to the World Trade Organization (WTO).

30. One delegate said that UNCTAD should help define the role of African States as facilitators of intra-African trade. There was little interconnectivity within Africa; infrastructure and transport shortages had to be resolved to ensure the integration of Africa in world trade.

31. Some delegates said that it was important for UNCTAD to help landlocked developing countries to advocate for the improvement of transit policies and the facilitation of trade in their regions.

32. The representative of the European Union said that it was the largest contributor to UNCTAD operational activities and that, in 2011, it had doubled its voluntary contributions over 2010, mainly to implement the Automated System for Customs Data and Debt Management and Financial Analysis System.

33. Several speakers argued that improving technological and innovation capacity in developing countries was important to enable development and to help them to meet the MDGs. A few speakers said that LDCs in particular needed to be able to harness technology transfer to build their technological base for successful development, although technology transfer to LDCs was advancing slowly. Those countries also needed assistance to enjoy the benefits of existing flexibilities of the Trade-Related Aspects of Intellectual Property Rights and other intellectual property rights regimes. Some speakers said that promoting foreign investment should be a means to achieving, among other things, technology transfer, rather than representing an end in itself.

34. The financial crisis had impacted all countries – in particular, vulnerable economies – to varying degrees, and the recovery from the global economic and financial crisis remained fragile. Capital-flow reversals, falling trade, declining commodity prices, youth unemployment and rising poverty were cited as among the major challenges faced by LDCs, African countries and landlocked developing countries. Many speakers requested UNCTAD to strengthen its work on these economies. The secretariat should contribute to their structural transformation and to maximizing their trade and investment opportunities, including through regional and South–South cooperation as a complement to North–South cooperation

35. One delegate said that mismanagement of the international financial system had interrupted the growth path of many countries between 1970 and 1980. Some delegations expressed concern about the high current account deficits and increasing domestic debt, due to a high reliance on domestic borrowing and others suggested that UNCTAD should continue to conduct studies on the effect of the crisis on developing economies and the impacts of some economic policies.

36. Several speakers stressed the importance of the role of the developmental State. Some speakers called on UNCTAD to explore ways of achieving sustainable development, inclusive growth and new financing mechanisms targeting African countries and LDCs, paying due attention to gender and private-sector development.

37. Some delegates commended UNCTAD for addressing the ways in which income inequality affected economic growth, as well as for the ideas for achieving more inclusive development in its Trade and Development Report. Experience of the past 30 years had shown that the structural reform policies in the developing world had reinforced the trend towards greater inequality, which had become a feature of finance-driven globalization. However, some delegates did not share the scepticism expressed with regard to structural reforms and their impact on growth. One delegate said that job creation was not only a problem for African countries but for all countries.

38. Some delegates called on UNCTAD to discuss reforms to the current international economic system and to create supportive institutional arrangements for the post-2015 era. Further, UNCTAD should continue to assist developing countries in designing policies for dealing with persistent and emerging challenges for development. There was a need for new development models to create an enabling environment for developing countries to take

advantage of the benefits that international trade could bring in fostering sustainable, socially inclusive development.

39. Some delegations emphasized the need to fully implement the Doha mandate and for UNCTAD to play a more prominent role in implementing the outcomes of the major socioeconomic conferences and summits of the United Nations. Several speakers stressed UNCTAD's contribution to the implementation of the Istanbul Programme of Action, in the context of monitoring its objectives and actions as well as preparing for eventual graduation. Some speakers requested the secretariat to continue monitoring of the Almaty Programme of Action for landlocked developing countries and contribute actively to its successor.

40. Several delegates said that the Investment Policy Framework for Sustainable Development developed by UNCTAD was a step in the right direction to implementing the Doha Mandate. Many delegates of regional groups stressed that the new generation of investment policies should be instrumental in meeting such goals as increased employment, effective transfer of technology and the fulfilment of sustainable development objectives.

41. The representatives of some regional groups commended UNCTAD for its technical cooperation activities that focused on investment policies and emphasized that sustainable development goals should also be promoted by attracting private investment and improving public infrastructure. Several representatives, including those of some non-governmental organizations, emphasized the role of investment in building the national productive capacities required for inclusive growth through industrial development strategies and entrepreneurship, in particular the UNCTAD programme Empretec. Several delegates requested UNCTAD to assist African countries in the area of investment to achieve inclusive growth and to increase market access for African companies As far as international policies were concerned, they encouraged UNCTAD to continue its work on international investment agreements that also reflected the needs of developing countries. Some delegates said that UNCTAD should continue working on regional integration because of its link with investment policies.

42. Some delegates, especially from LDCs, highlighted the importance of integration into global supply and global value chains as a means of development. One delegate encouraged UNCTAD to continue working with the WTO and the Organization for Economic Cooperation and Development (OECD) to monitor protectionism. In addition, education was necessary to improve employment policies and economic diversification.

B. High-level segment: Growth with jobs for poverty reduction – What can Africa learn from other regions?

(Agenda item 3)

43. The high-level segment focused on how developing countries could achieve economic growth while creating jobs and pursuing poverty reduction. Panellists examined the lessons that African could learn from the experiences of other developing countries and regions regarding the optimal order of trade, finance, investment and macroeconomic policies to ensure sustainable growth and development.

44. Discussions highlighted the puzzles of Africa's growth and economic performance. It was acknowledged that the theme of the session was not only timely but also an urgent challenge for the continent. Africa had potential to become a growth pole in the future, despite the complex issues and challenges it faced. African countries had undertaken significant macroeconomic reforms. Africa's policy reforms had become more open, although not as much as other developing regions. However, Africa's impressive growth performance had not

resulted in the expected job creation and significant reduction in poverty or improvements in the standards of living. Panellists explored various challenges concerning Africa's growth, inter alia, the high rates of population growth that had outpaced economic growth and job creation, investment flows in sectors that were not accessible to the poor, limited technological advancements and inadequate pro-poor financial sector policies.

45. The discussion acknowledged the key macroeconomic bottlenecks affecting Africa's growth and development. The UNCTAD secretariat had repeatedly called attention to the high cost of finance, particularly the high levels of interest rates, for productive investment that would sustain the growth process in most African countries. The spread between inflation and interest rates remained broad, keeping real interest rates too high for investors to make meaningful profits from investments in an otherwise hostile environment. The issue had been overlooked in structural adjustment programmes and other reform packages. For growth to be inclusive and sustainable, people needed to be able to participate in the proceeds of growth through an increase in real wages in line with productivity increases leading to rising household incomes.

46. Panellists and discussants identified other structural deficiencies that had held back employment-generating growth, such as:

(a) Lack of structural transformation and of higher productivity activities, with increased dependence on commodities trade;

(b) Food production and food security concerns, aggravated by a hasty shift to market-based systems with limited involvement of the State;

(c) Low levels of intra-Africa trade, despite multiple efforts to integrate countries at the subregional level;

(d) The multiple global crises, which had led to a contraction of trade, remittances, official and development assistance, and aggravated commodity price volatility.

47. Panellists concurred that Africa could certainly learn from other regions, but also that one size did not fit all. Although policies and challenges were heterogeneous, African development stood to gain from the experiences of others, such as their sectoral policies for industrialization, agricultural development and services; improved State support to sectoral development; and the role of extractive industries in light of the dependency on natural resources and resource-based manufactures. Models for sound policy management on commodities were also needed for employment creation and poverty reduction. There were several ways to improve the use of rents, including profit sharing, and to capture rental gains for investment in social infrastructure.

48. UNCTAD had tried to promote more investment in the development of productive capacity. Panellists called for policies to attract more and better flows of FDI, including necessary institutional changes to ensure a more attractive fiscal regime for foreign investors. Several speakers highlighted the need to channel more investment into agriculture, since FDI flows were supposed to fill the financing void but they rarely sufficed to make a least developed economy grow sustainably. Therefore, FDI was no substitute for local investment, which required a conducive environment. Official development assistance would continue to be needed, alongside innovative sources of development finance.

49. Africa had been engaged in more South–South cooperation in the areas of trade and investment, allowing investment beyond extractive industries. The African Union had agreed upon a programme to foster intraregional trade and increase investment attractiveness in the region. However, the action plan focused on the traditional trade policy and market access

concerns, without the much needed focus on the types of products that need to be produced and exported.

50. UNCTAD had been preaching growth as remedy for persistent poverty. Although there was some recent growth, not much poverty reduction had been achieved because growth had occurred in sectors where most of the poor did not work, such as mining. The solution was to improve productivity in agriculture, allowing Africa to overcome its dependency on food imports and to no longer be a net food importer, to enjoy food security and to be able to expend precious foreign exchange on investment goods rather than on food.

51. Numerous other policy responses included investing more to address low agricultural productivity, further investing in infrastructure, developing regional trade clusters and increasing pan-Africa trade. Linking the profile of growth to poverty reduction was fundamental. Moreover, participants stressed the importance of the growth process, as compared with the growth rate itself.

52. Speakers suggested that more diversification in the commodities sector should lead to production of more and varied finished goods. This would also allow more trade in regional markets, which was hampered by the lack of specialization and the production of similar raw commodities. Infrastructure investment and development were necessary but not sufficient to foster pan-African trade and further value addition and trade diversification. South–South cooperation and regional trade should be part of the solution. In other continents, intraregional trade was vibrant enough not only to facilitate growth and poverty reduction but also to assist them in facing the ongoing crisis.

53. The role of the developmental State in shepherding the growth process was critical in the formulation of policy guidance for Africa. Governments needed to intervene to reduce market failures in the banking sector and to undertake massive investments in agriculture and industry in order to create productive capacities and decent jobs. In addition, governments should mobilize local sources of fiscal revenue in order to decrease overdependence on uncertain official development assistance. There was also a need to reorient infrastructure and other institutions away from past colonial goals towards new regional perspectives.

C. Interdependence: Coordinating stimulus for global growth

(Agenda item 4)

54. Under this item, the Board reviewed the vulnerable state of the world economy and the continuing challenges towards achieving a more effective approach to stimulus co-ordination. The interdependence of today's globalized world was apparent not only in the start and spread of the crisis but also in the experience of recovery. The world economy was slowing down and faced serious risks of a more significant deceleration. The human effects of rising unemployment and continued crisis were extremely high, and the experience of developing countries that had undergone crises in recent decades pointed to the risk not only of a "lost decade", but rather that of a "lost generation". It was a matter of concern that current efforts to stimulate the economy in most developed economies had been ineffective and even counterproductive. Ill-suited austerity policies and the effect of rising income inequality were further stalling potential demand. Developing economies had been the engine of growth since 2006 but they could not continue to carry the burden of global recovery.

55. The eurozone area was a particular concern because of its weight in the global economy and its continued importance as a market for many developing economies, despite efforts to rely more on domestic and regional markets.

56. Regarding policy implications, the debate focused on six main issues:

(a) Many countries' high public debt gross domestic product (GDP) ratios were a consequence of the crisis, not its reason. Efforts to consolidate debt through fiscal austerity were misguided, threatening to provoke further instability and downturn. The main problem in the global economy was a deficit of demand; fiscal restraint and labour market reforms aggravated it;

(b) Efforts to increase demand were undermined by high levels of income inequality. Income redistribution and supportive policies were necessary, especially in the surplus developed countries. Better income distribution would also help developing or transition economies that were relying more than in previous years on domestic and regional markets, as it would widen those markets and help support sustained and inclusive growth;

(c) The problems experienced in the eurozone reflected that the euro could not play simultaneously the role of international and domestic currency. The crisis in the periphery countries could be addressed by various measures, including a Marshall-type plan to raise productivity in those countries, a rebalancing of the German economy, debt forgiveness, restructuring finance by establishing European rather than national banks, and income and wealth re-distribution. The lack of such policies could lead to the break-up of the euro;

(d) International trade rules needed to be reformed in order to follow the guiding principles of fair trade, capacity-building, balanced rules and good governance. The trend whereby aggressive trade liberalization was promoted through the global value chain arguments was not beneficial for developing countries and should be rethought. There was a need to launch a reform of the international financial system, and to make it more democratic and less vulnerable to exchange rate volatility.

(e) There also was a need for a more human-impact-oriented and less narrowly market-oriented analysis of world economic problems, and for the design and promotion of stimulus efforts. Conventional models focusing narrowly on profits failed to incorporate the human aspect and it was time to consider the human rights perspective of labour markets, production and trade;

(f) The political will and coordination that was present at the outset of the crisis had lost momentum. Countries should realize once more that they were "all in the same boat". The United Nations could be an important focal point for recovery efforts, as it provided an inclusive voice where all countries, including small ones, could participate.

57. Other points raised during the discussion were how efforts to increase demand could be reconciled with green production and consumption, and how developing countries would still benefit by continuing their efforts towards regional financial and monetary integration, despite the current problems experienced in the eurozone.

D. UNCTAD's contribution to the implementation of the Istanbul Programme of Action for LDCs: First progress report

(Agenda item 5)

58. At Sessional Committee I, formal statements were made by the Chair, the Deputy Secretary-General of UNCTAD, the Director of the Division for Africa, LDCs and Special Programmes of UNCTAD and the following delegations: Indonesia on behalf of the Group of 77 and China, Nepal on behalf of the Group of LDCs, Mauritius on behalf of the African Group, Paraguay on behalf of the Latin American and Caribbean Group and the Group of

Landlocked Developing Countries, the Islamic Republic of Iran on behalf of the Asian Group, the European Union, Angola, Turkey, China, Bangladesh and LDC Watch. The panellists at the session were the Permanent Representatives of the Central African Republic and Nepal.

59. The deliberations of the Committee focussed on the contribution of UNCTAD to the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020. Delegates exchanged views on ways and means of enhancing the role of commodities and improving agricultural productivity as part of wider efforts to achieve structural socioeconomic progress in LDCs, including, for as many of them as possible, progress toward graduation from LDC status. In this regard, the meeting provided opportunities to build consensus on the challenges, opportunities and prospects for enabling half of the current 48 LDCs to exit the group by 2020 – one of the targets agreed in the Programme of Action.

60. Many speakers expressed overwhelming appreciation for the work of the UNCTAD secretariat in implementing the relevant actions and commitments of the Programme of Action. They called upon UNCTAD to redouble its efforts and intensify collaboration with other relevant entities in order to translate the vision of the Programme of Action into concrete actions. UNCTAD should continue to closely monitor progress towards graduation thresholds at the country level and to assist LDCs in mainstreaming the provisions of the Programme of Action into their domestic policies and strategies. Delegates requested UNCTAD, building on its recent work, to conduct a detailed study on the magnitude of impacts of the multiple crises on LDCs' development and to recommend ways and means of building their resilience. It should also suggest policy options to reduce price volatility, while ensuring greater transparency in commodity markets. The work of UNCTAD on LDCs in the areas of trade, investment, technology, debt and development finance should be strengthened. In this context, speakers urged traditional and non-traditional donors to make financial contributions to the UNCTAD Trust Fund for LDCs with a view to assisting in the full and effective implementation of the actions and commitments contained in the Programme of Action.

61. Many speakers said that LDCs faced complex development challenges in accelerating their development by ensuring robust, broad-based and sustained economic growth with increased job creation and value addition, key requisites for enabling them to achieve the target of enabling half of them to meet the graduation criteria by 2020. Some speakers urged LDCs and their development partners to take concrete actions to implement agreed priority areas of the Programme of Action with a view to attaining the goals and targets therein – most of which could only be achieved by building productive capacities, ensuring structural economic transformation, including commodity diversification and jobs creation, and by achieving improved standards of living. There was a need for appropriate domestic policies and improved international support measures to facilitate a smooth graduation process. Several delegations emphasized the importance of pursuing a comprehensive approach to the implementation of the Programme of Action. They highlighted the contribution of the agricultural and commodities sectors for attaining the targets set out therein. They stressed the adverse impact of price volatility in commodity markets on the development process in LDCs and the need for policies for diversification, including through modernizing and building productive capacities.

62. There was emerging consensus that the objective of meeting the criteria of graduation by half of the current LDCs by 2020 was an ambitious target, given heavy commodity dependency and low agricultural productivity, as well as vulnerability to external shocks and crises of the economies of LDCs. The combination of weak productive capacities, the lack of economic diversification and the recent multiple crises undermined the aspiration of LDCs to achieve structural economic progress and meet the graduation criteria. While agriculture

and/or extractive industries continued to be the mainstay of most LDC economies, the graduation landscape of the past decade showed that countries that had made tangible progress were those that had managed to join the value chains in areas where they enjoyed comparative advantages, achieved diversification, built their technological capabilities and achieved overall structural economic progress.

63. Several delegations said that, while LDCs should assume primary responsibilities for their own development, including by integrating the commitments of the Programme of Action into their national policies and strategies, the support of the international community was crucial for the development of these countries. It should include efforts to increase the quantity and improve the quality of official development assistance to LDCs, and to enhance market access conditions, as most of them depended on such resources to finance their development needs. Moreover, there should be a rebalancing of priorities between the social and productive capacity sectors, with increased emphasis on the latter. With respect to market access, delegations urged developed countries and developing countries in a position to do so to immediately and fully implement the commitments to grant duty-free, quota-free access for all LDC products and to remove market entry barriers, including non-tariff measures and other trade barriers.

64. Participants called upon LDCs to make sure that the role of commodities was incorporated into their development strategies to maximize the potential of the sector and to avoid a repeat of the jobless growth rate without the structural transformation experienced during the previous decade. What was needed was a more holistic approach that incorporated a development perspective and factors in the role and functions of commodities in economic growth and poverty reduction. They should also make efforts to increase their support to the agricultural sector with a view to boosting productivity growth and enhancing food security and to integrate policies incorporating climate change into commodity-based strategies. Some delegates encouraged the governments of LDCs to strengthen domestic resource mobilization and domestic institutions in order to mobilize private savings, improve the tax collection system and promote prudent policies for effective natural resource management.

E. Economic development in Africa: Structural transformation and sustainable development in Africa

(Agenda item 6)

65. The focus of the morning session was to introduce and discuss the *Economic Development in Africa Report 2012*, which centred on structural transformation and sustainable development in Africa. The report was widely perceived by most regional groups as a timely and relevant report, in the aftermath of Rio+20 and in the context of the current ongoing debate on the building of green economies and the pathways for transitioning to green economies.

66. The report was built on the previous one, which discussed the importance of a new industrial policy for Africa, highlighting the imperative for Africa to engage in structural transformation through industrialization in order to boost incomes, create jobs, lessen vulnerabilities to shocks and reduce poverty. However structural transformation could also lead to a more intense use of resources, which in turn could result in adverse environmental impacts and unsustainability in resource use. This year's report focused on how Africa could resolve its dilemma between pursuing structural transformation and promoting environmental sustainability. In sum, Africa could reconcile such a dilemma by engaging in a sustainable

structural transformation strategy integrating a relative decoupling of resource use and environmental impacts from the growth process.

67. Several participants said that despite Africa's impressive growth performance over the past 10 years, important challenges remained to be addressed: building productive capacities, achieving food and energy security, managing volatility in commodity prices and reducing high unemployment among the young and poor. FDI remained an important strategy for Africa to tackle such challenges.

68. Many participants congratulated UNCTAD for its report and the quality of its analysis, and shared the view that sustainable structural transformation could provide a relevant operational framework for African countries to make a transition towards greener economies. They stressed that the contribution of African countries towards climate change was marginal and that developed countries should pursue absolute decoupling while supporting Africa to adapt to climate change and engage in sustainable structural transformation. Such support from developed countries could take the form of technology transfer, increased official development assistance, the maintenance of open markets in the North and capacity-building. The principle of common and differentiated responsibilities was a guiding principle for ascertaining the various obligations of developed and developing countries.

69. Other participants said that the report was right in pointing out that environmental problems should be treated as a development problem and called on UNCTAD to help African countries implement the policy recommendations of the report. In addition, the current economic and financial crisis should not be used as a reason for curtailing assistance and transfer of technology to developing countries, particularly African countries. Several participants noted that while South–South cooperation could provide Africa with the training and technology it needed to foster sustainable structural transformation, such cooperation should in no way be considered a substitute for North–South cooperation. Some participants called on development partners to fulfil their financial pledges to Africa and LDCs under existing mechanisms and conventions such as the United Nations Framework Convention on Climate Change and the Global Environmental Facility. UNCTAD should pursue its research on sustainable structural transformation and document best practices in sustainable development across various regions as a way to promote the interregional sharing of success stories and lessons learned. In this context, UNCTAD should also explore the ways and means to enhance forums and mechanisms such as the New Asian-African Strategic Partnership in order to maximize their developmental impact. The Thailand International Development Cooperation Agency had been providing technical assistance and training programmes to Africa since 1978 in areas such as agriculture, public health, irrigation, aquaculture and sustainable tourism, and Asia and Africa should strengthen their collaboration on the issue of sustainable development.

70. The Government of Ethiopia had striven to promote sustainable, inclusive growth, notably through its Climate-Resilient Green Strategy. It was important not to systematically discourage African countries from resorting to large-scale agricultural farming as a means of raising agricultural productivity. The Governments of Egypt and Morocco had also taken steps to promote sustainable development through region-wide efforts. For example, Egypt's Fund for Technical Cooperation with Africa was being used to support other African countries with training courses in a number of areas, such as agriculture and natural resource management.

71. Some delegates said that the international community would need to ensure that the proposal to develop the Sustainable Development Goals did not deflect action and attention away from the attainment of the MDGs. Africa should develop its own model of sustainable development based on country ownership, taking into account the specificities of African

countries and their need to achieve international competitiveness. There was a need for Africa to preserve policy space to pursue green growth and for the international community to safeguard flexibilities in the intellectual property rights regime to ensure faster technology transfer.

72. A number of participants emphasized the role of effective developmental States in spearheading a sustainable structural transformation. They called upon UNCTAD to strengthen its work on the State as a catalyst for development as well as on Africa's ongoing regional integration initiatives, such as the Trilateral Free Trade Agreement and the Continental Free Trade Area. Other issues discussed included the case for African governments to better negotiate resource rents with foreign multinational corporations and to better manage resource rents in general, improve on infrastructure and regional cooperation, strengthen domestic resource mobilization and domestic financial markets, and support the development of small and medium-sized enterprises.

73. During the panel discussion titled "Towards Sustainable Structural Transformation in Africa: Challenges and Opportunities", participants reiterated that Africa's commodity-driven growth and exports were not translating into significant poverty reduction, job creation and sustainable transformation, and that industrial development through industrial policies had become an essential pathway for the continent. However, agriculture as a sector should not be neglected, nor should African countries allow its structural transformation to bring about adverse impacts on its environment.

74. Absolute decoupling could not be an option for Africa, given the region's pressing basic economic needs. African countries must be given the space to catch up with the living standards of other countries but should concomitantly aim at increasing resource productivity. While Africa's transition towards greener economies through sustainable structural transformation would bring opportunities, important challenges would have to be tackled. Participants gave examples of how Africa could position itself in the global green economy, how to make relative decoupling a feasibility in Africa and how African countries could engage in technological leap-frogging, build effective developmental States and secure financing for its sustainable structural transformation.

75. South Africa's New Growth Path and the five-point work programme of the Southern African Customs Union were examples of ongoing efforts to achieve sustainable development. Further, the boosting of intra-African trade was a significant potential lever for accelerating structural transformation in Africa.

76. Renewable energy development in Africa faced the constraints of financing and regulatory issues, such as the continued subsidizing of fossil fuel subsidies in African countries. Participants identified a number of policies for promoting renewable energy development: gradually phasing-out fossil fuel subsidies, addressing market failures by providing incentives and appropriate regulatory frameworks, strengthening market infrastructure and market-based mechanisms such as the Africa carbon market and the clean development mechanism, boosting public investment in renewable energy and increasing regional cooperation through regional power sharing.

77. Technological leap-frogging was possible in Africa, given that it was a latecomer to industrialization. For example, African aluminium smelters were among the most efficient in the world, owing to new production facilities that had integrated the latest technologies in the field. African countries were receiving a growing share of clean energy investments. The potential for energy savings was also non-negligible. For example, in Senegal, it was estimated that a 100 per cent replacement of installed incandescent lamps with compact fluorescent lamps at an estimated cost of $52 million could deliver annual energy savings of

73 per cent. Further, investments aimed at increasing the productivity of the agriculture sector had proved to be more than twice as effective in reducing rural poverty than investment in any other sector and that sustainable agricultural practices could increase productivity on average by 79 per cent on small farms. Participants highlighted successful policy initiatives relating to sustainable structural transformation in South Africa, Ethiopia, Senegal, Uganda, Egypt, Kenya, Morocco, Namibia and Ghana.

78. Other issues raised during the discussions related to how Africa's current terms of trade could affect incentives for engaging in sustainable structural transformation, lessons learned from existing environmental financing mechanisms and how these could be relevant for Africa, and the role that official development assistance and FDI could play in financing sustainable structural transformation. Official development assistance to sub-Saharan Africa in the energy sector, for instance, accounted for only 2 per cent between 2005 and 2010, signalling that changes in the aid allocation regime were necessary. Some participants expressed the concern that the provision of incentives on its own would not be enough to attract FDI and domestic private investment in the energy sector, as the private sector was motivated mainly by profits. Others, however, said that the returns from renewable energy projects could in some cases be high enough to attract private investments and that further future falls in the costs of acquiring and deploying renewable energy technologies would increase the attractiveness of investments in the renewable energy sector. A number of participants stressed the critical role of the State in mobilizing investments and said that domestic resource mobilization should also be explored as a source of finance.

79. Some participants asked whether estimates were available on the costs for Africa to achieve sustainable structural transformation. A few participants said that such costing would be difficult to undertake before the process and should instead be done on an ongoing basis. The achievement of sustainable structural transformation would require an incremental approach rather than a sudden shift. Other participants suggested that Africa should not be deterred from engaging in sustainable structural transformation owing to costs, as growing unsustainably would in the long term be costlier than growing in a sustainable manner and that the twin goals of structural transformation and environmental sustainability were inseparable. Global thinking should shift towards recognizing the economy as a subsystem of the Earth system.

F. Evolution of the international trading system and its trends from a development perspective

(Agenda item 7)

80. The deliberations of the Board were structured around two themes, namely: key issues arising from the international trading system and their impact on inclusive development; and the outcomes of the recently concluded Rio+20 Summit and the implications for trade and development. The deliberations benefited from presentations by the Secretary-General of UNCTAD; the Director General of WTO; the Director of the International Trade Department of the World Bank; Directors and senior officers from the Trade Divisions of United Nations regional commissions (Economic and Social Commission for Western Asia, Economic and Social Commission for Asia and the Pacific, Economic Commission for Africa, Economic Commission for Europe and Economic Commission for Latin America and the Caribbean); Director of the Trade and Policy Department of the Eurasian Economic Commission; the Permanent Representative of Brazil to WTO and UNCTAD; the Senior Adviser, International Institute for Sustainable Development; and the Director of Sustainable Development for the Yves Rocher Group and Director of the Yves Rocher Foundation. Inputs were also provided

by the Coordinator of the United Nations Forum on Sustainability Standards and senior officials of UNCTAD. Statements were made by representatives of the following member States: Indonesia on behalf of the Group of 77 and China, the Dominican Republic on behalf of the Group of Latin American and Caribbean Countries, the Philippines, Honduras, Algeria, Cuba, Bangladesh, the Bolivarian Republic of Venezuela and Paraguay. In addition, the following representatives of several non-governmental organizations made statements: the Southern and Eastern African Trade Information and Negotiations Institute, the Third World Network and the Center for Economic and Policy Research/Our World Is Not for Sale. The debate was moderated by the Director of the Division of International Trade in Goods and Services, and Commodities of UNCTAD.

81. The last several decades had witnessed the power of trade as an engine for growth, development and poverty reduction. Developing countries had emerged as a major source of trade and growth and contributed to the robust expansion of world trade. However, recovery from the crisis remained sluggish and downside risks were substantial. Even the picture for South–South trade was less buoyant than before. Heightened uncertainty hovered over growth prospects for the years to come. Recent WTO projections situated trade growth in 2012 at 2.5 per cent instead of 3.7 per cent, as earlier projections had concluded. If the crisis worsened with GDP growth decelerating substantially globally, this would put at risk some of the development gains of recent years. There was an urgent need to remain focused on enabling developing countries to use trade as a conduit to achieve sustainable and inclusive development.

82. The unprecedented scale, scope, sophistication and speed of the proliferation in global value chains were changing the nature of trade ("trade in tasks"). Participants agreed on the change taking place in trade trends towards the deepening and specializing participation of countries in regional and global supply chains. This had implications for how best one could maximize trade's contribution to growth and development. Several participants agreed that a particular challenge for countries was how to upgrade their participation into more value added tasks, as well as how to enhance and increase productivity. The growing prevalence of global value chains pointed to the need for governments to rethink how best to pursue trade-led growth. Global value chains could help integrate countries into trade networks, create jobs and upgrade technology and skills. At the same time, it could not be assumed that all benefits arose automatically, or were equally divided among countries, as some countries might be locked in low value added activities. Hence the need to be careful with policies and measures, combined with international development cooperation, and private-sector collaboration to ensure the integration of developing countries into higher value chain production and trade, and harness higher trade and economic gains.

83. Policies to address those challenges included promoting larger diversification in goods and markets to help, in particular, those countries depending on commodities. "Smart government intervention" was thus important, which could take the form of public-private cooperation, investment in infrastructure, reducing transaction and trade costs, and an active labour policy to enhance competitiveness. International cooperation was key to holistically addressing trade costs associated with global value chains. Social safety nets should accompany an increasingly open and integrated economy.

84. Lowering trade costs was particularly important for trade in global value chains. This called for measures reducing transaction costs arising from physical, regulatory and institutional bottlenecks in trade and transport chains. Trade facilitation, addressing customs procedures as well as improving trade logistics, connectivity and transport networks (such as through transport corridors) and promoting regional integration, would make an important contribution, especially in Africa and landlocked developing countries where trade costs

tended to be high. According to a recent World Bank study, for a dollar invested in trade facilitation and regulatory improvements, there was a corresponding $70 increase in trade. The importance of services was emphasized in facilitating trade in global value chains and improving productivity in general, as well as in providing opportunities for higher value added, especially intermediate services, such as infrastructure, transport, business and professional services.

85. Persistent high unemployment was testing many countries' resolve to keep markets open. It was alarming that trade restrictive measures had continued to accumulate. New areas of trade frictions had also emerged, such as non-tariff barriers, including sanitary and phytosanitary measures and technical barriers to trade-related, environmental or private standards, as well as exchange-rate fluctuations and policies to address climate change. It was equally important that traditional trade issues of particular interest to developing countries, such as border barriers and subsidies, not be ignored. The monitoring of those measures by UNCTAD, WTO and OECD was useful to keep those measures under control.

86. With the lowering of traditional trade barriers, there was a general agreement on the increasing relevance of non-tariff measures, particularly affecting trade in global value chains that were particularly cost-sensitive. In the Asia-Pacific region, about 15–18 per cent of the total value of exports – about $300 billion – was affected by non-tariff measures; hence the urgent need to address them. Most delegates agreed that measures could have legitimate purposes, but a number of delegates said that some measures could act as disguised protectionism. Some countries called for greater transparency, as well as a cooperative and consultative approach to address the trade-impeding elements of non-tariff measures. Some stated that more transparency was needed to know what measures were put in place, in order to solve one of the main problems: non-availability of data. UNCTAD, in cooperation with other partners, was addressing the lacuna by launching the Transparency in Trade Initiative and the United Nations Forum on Sustainability Standards. Representatives encouraged UNCTAD to explore the standard-setting processes to facilitate the participation of developing countries in them.

87. The multilateral trading system remained a central piece in global economic governance. The impasse in the Doha Round negotiations was a matter of concern for all. To be viable, trade liberalization should fully take into account existing asymmetries in trade structures and capacities among countries, in order to allow their economies to grow and develop on a sustainable basis. Issues relating to LDCs should receive adequate attention to ensure the effective implementation and operationalization of existing commitments, such as duty-free, quota-free market access and LDC services waivers.

88. Some delegates wondered how to manage trade and its place in the coherence and holistic global economic architecture to ensure that trade would contribute to job creation, enhanced productive capacities, and inclusive and sustainable development. Promoting greater coherence in global economic policymaking, including between trade, finance and monetary policies, was important. There was also a need to make trade more pro-poor, including in view of the 2015 review of the MDGs. Those should be addressed in the broader context of the global discourse and action on development. New initiatives could be taken to foster international consensus and cooperation and preserve multilateralism. The United Nations and UNCTAD made an important contribution as the only universal bodies with a mandate to address the principal issues.

89. With the impasse in the multilateral process and the proliferation of global value chains, there was an accelerated move towards bilateral and regional initiatives seeking to deepen a free trade environment going beyond tariffs and addressing non-tariff barriers and

behind-the-border issues such as investment, competition, government procurement and trade facilitation. Increasingly, various regions had developed a template for region-wide agreements, and had embarked on the enlargement and consolidation of existing regional trade agreements such as in Africa, where an action plan had been approved for the creation of a continental free trade area to boost intraregional trade. This had highlighted the need for greater coherence between multilateralism and regionalism. An important challenge in most regions was how to find ways to promote intraregional trade. By and large, many developing regions, such as in Latin America and the Caribbean, specialized in raw materials production. A recent study by the Economic and Social Commission for Western Asia suggested that the trade growth within the region of the Commission seemed to enhance development. Moreover, strengthened trade with other countries of the South, such as India, could have greater impact than integration with the European Union.

90. While the Rio+20 outcome was not fully satisfactory for many, it set an agenda for national and international measures to achieve sustainable development and a green economy. The imperative of a green economy – propelled by science and potential development benefits – would increasingly affect trade and the global economic governance, in terms of enduring coherence between trade and environmental governance systems. Trade had been identified as an engine for development and growth, and should contribute to the achievement of sustainable development and poverty alleviation. While several trade-related measures contributed to the objective, such as the further opening of environmental goods and services, it was important that such measures did not act as disguised protectionism or lead to unbalanced allocation of costs and benefits.

91. UNCTAD could provide an institutional space to consider some of these issues consistent with paragraph 18(b) of the Doha Mandate and, inter alia, paragraphs 56 and 58 of The Future We Want (Rio+20 outcome document). In this connection, UNCTAD would be launching a green economy forum and conduct green economy policy reviews upon the specific requests of countries. Delegates stressed the importance of building capacities of developing countries, especially LDCs, so that they could benefit from the transition to a green economy. However, the potential costs in Africa, such as the inherent dangers of the diversion of the use of land from food production to biofuels production, should be taken into account.

92. Environmental policies and competition policy were complementary, as both sought to correct market failure and increase social welfare. There was a need to ensure greater coherence between these policies. Also, UNCTAD was supporting countries in an effort to review the United Nations Guidelines on Consumer Protection, which also addressed sustainable consumption that could contribute to more sustainable development. Trade negotiations and agreements had a direct bearing on countries' efforts to achieve sustainable development outcomes. A good example was the Asia-Pacific Economic Cooperation Summit held in September 2012, where its member States decided to cut tariffs by 5 per cent or less on a number of environmental goods. Some delegates said that the green economy was an opportunity for business in that it was coherent with both the need for the sustainable management of natural resources and the expectations of consumers. In this regard, there was scope for deeper collaboration between UNCTAD and the private sector. The latter considered that UNCTAD had an important role to play in providing a forum to promote collaboration among actors to enhance the understanding of the linkages between the industries and biodiversity and to share experiences.

G. Development strategies in a globalized world: Reducing inequalities for balanced and sustainable development

(Agenda item 8)

93. Under this agenda item, discussions in formal and informal sessions focused on the problem of increasing income inequality and the linkages between inequality and growth, in particular, in the context of the ongoing global financial and economic crisis. Inequality was a major concern not only from a moral and social point of view, but also because of its impact on economic performance. After being neglected for several years, it had become the centre of the economic debate in many countries. According to one speaker, it was relevant that this was a topic of discussion in UNCTAD, as inequality was a fundamental reason behind its foundation. Several speakers questioned the theories that considered that rising inequality was the inevitable consequence of technological change or of the expansion of global trade, since empirical evidence in this regard was weak, and rejected the corresponding idea that "nothing should be done" in this respect.

94. Globalization had helped close income gaps among countries, though some countries had failed to integrate successfully into the global economy and had been left behind. However, speakers and delegates agreed that the trend towards the growing inequality within countries that had been experienced in the last three decades, especially in developed countries, posed a significant threat to the global economy. The reasons for higher inequality were multiple and varied among countries. They included changes in global financial regimes and the increase in the power of the financial sector, globalization and the delocalization of companies, the rise of economic powers and the implementation of neoliberal policies. There was wide agreement that better global financial governance had an important role to play in the reduction of inequality.

95. Panellists and several delegates emphasized that some developing countries, in particular in Latin America, had successfully averted adverse distributional effects in recent years. Especially important in this context had been supportive macroeconomic and wage policies, as well as targeted fiscal and industrial policies aimed at ensuring that most of the income generated in a context of improved external conditions was used within the country.

96. Empirical evidence showed that the idea that lowering wages would be the solution to high levels of unemployment was fundamentally flawed. The existing high levels of unemployment were not the result of high wages but of wages lagging behind productivity growth. The result was that during a downturn, demand had dried up as households reduced their consumption, with the corresponding impact on the expectations of profits for companies and therefore on investment levels and economic growth.

97. Income inequality had become more visible with the crisis, which in many parts of the world had endangered the social model. Wages, particularly in industry, were being compressed, especially for less-qualified workers; jobs were being lost overseas; and financial manoeuvring and speculative bubbles had caused crises that had their greatest impacts on the most vulnerable. The problem of high unemployment had dramatic consequences for social cohesion and could lead to political and social conflict. In particular, speakers and many delegations raised deep concerns in relation to the high levels of youth unemployment. Youth unemployment implied a handicap as a starting point that would be perpetuated along a person's entire professional career. It was also a waste of resources as investment in education became non-profitable. Nevertheless, several speakers emphasized the role that education could play in reducing income inequality. Unemployment, and particularly youth unemployment, might also result in brain drain that could prevent the catching up of less-

developed regions or countries in crisis as high-skilled workers left their home country and did not participate in strengthening the domestic institutions.

98. There was wide agreement that the way out of the crisis and to reduce unemployment was through economic growth and not through fiscal austerity measures, wage compression or labour markets flexibilization. A substantial reconstruction of institutions was necessary. All speakers emphasized the need to distribute the gains of economic growth between capital and labour fairly. A long-term reduction of the wage share in income, which had occurred after 1980 in OECD member countries, was a strategy that had failed. Less inequality in pay structures appeared to be associated with lower unemployment. There was wide consensus that in order to achieve inclusive development, there was a need for government intervention, as the market alone could not solve the problem of inequality and high unemployment. A number of speakers said that setting minimum wages and putting more emphasis on collective bargaining were good ways to address inequality. In order to guarantee that competition was based on productivity gains and not on wage cuts, it was important that wages be set at the level of the economy and not at the individual firm level. In addition, improved international cooperation and a reasonable international financial order and exchange rate system were needed to keep the game fair.

99. The issues of territorial inequality and migration were also addressed in the debate. Regarding the possible impact of the latter on wage levels and unemployment, speakers agreed on the importance of avoiding lowering wage levels in the richer regions to match those of the poorest, emphasizing the role of minimum wages. Interregional transfers could provide a buffer against interregional inequality, as for example in the United States or the European Union. In the latter case, however, one speaker asked whether the amount of the European budget was sufficient. Furthermore, the discussion pointed to the relevance of looking not only to the economic and social dimension of development, but also to the environmental dimension, which appeared to be sidelined as a result of the global financial crisis. Beyond short-term solutions, the way out of the crisis could provide an opportunity to find appropriate strategies that would avoid returning to the previous unsustainable paths. Panellists generally agreed that the world would pay a high price in the future if it failed to address urgent environmental issues.

H. Investment for development: Towards a new generation of investment policies for inclusive growth and sustainable development

(Agenda item 9)

100. The session discussed recent trends in global and regional FDI flows and the UNCTAD Investment Policy Framework for Sustainable Development, which member States recognized as a crucial tool for implementing the Doha Mandate.

101. Following the opening remarks by Mr. Jüri Seilenthal, President of the Trade and Development Board, Mr. James Zhan, Director of the UNCTAD Division on Investment and Enterprise, presented a summary of the *World Investment Report 2012*. Panellists spoke in the following order: Ms. Anabel González, Minister of Foreign Trade, Costa Rica; Mr. Rob Davies, Minister of Trade and Industry, South Africa; and Mr. Jeffrey Sachs, Director, The Earth Institute, Columbia University, who participated via video conference. The Secretary-General of UNCTAD, Mr. Supachai Panitchpakdi, delivered a statement. Mr. Mark Halle, Vice-President, International Institute for Sustainable Development, and Mr. Pradeep Mehta, Secretary General, Consumer Unity and Trust Society International, were discussants. An interactive discussion from the floor followed.

102. As highlighted in the *World Investment Report*, global FDI flows in 2011 surpassed the pre-crisis average, reaching $1.5 trillion, despite turmoil in the global economy. However, they remained more than 20 per cent below their 2007 pre-crisis peak. Moreover, inflows were uneven. Flows to developing countries reached a record $684 billion, up 11 per cent; transition economies saw flows increase by 25 per cent, and flows to developed countries grew by 21 per cent. However, this picture of a global increase in FDI contrasted with developments in parts of Africa and in LDCs, where the FDI recession continued.

103. Regarding investment policymaking, developments showed the world at a crossroads in the transition from an era of liberalization to one of regulation. At the national level, many countries continued to embrace liberalization and promote foreign investment, while introducing, at the same time, new regulatory and control measures, often in pursuit of other policy objectives, such as industrial policy. At the international level, the negotiation and conclusion of international investment agreements continued at a slower pace, and there was a shift towards regional investment treaty making. This was accompanied by a growing attention towards sustainable development considerations.

104. The Investment Policy Framework for Sustainable Development was designed to help policymakers in this regard and to serve as a reference point for policymakers in formulating national investment policies and in negotiating international investment agreements – or revising existing ones. The Framework sets out the core principles around which national and international investment policy should be designed, as well as a policy toolkit of options for countries seeking to attract foreign investment and increase its contribution to economic and social development.

105. In the ensuring discussion, delegates emphasized the important role that FDI could play in economic development and in pursuing inclusiveness and sustainability. They expressed concern that FDI flows to the poorest countries of the world had continued to fall and had been concentrated in low value added sectors with high environmental costs at times. The right policies would be needed to address those shortcomings, and international cooperation was necessary.

106. Delegates welcomed the Framework, which placed sustainable development outcomes at the forefront of discussions on investment policies and pushed forward the sustainability dimension of the debate on the future of the international investment regime. They commended UNCTAD for the core principles of the Framework, which comprehensively encompassed all critical elements of an investment-for-development agenda. Encouraging UNCTAD to continue implementing the Doha Mandate, delegates pointed to the relevance of the Framework in promoting investment and related development policies to foster economic growth for sustainable and inclusive development.

107. Some delegates said that full liberalization might not be optimal in specific national contexts and that proactive policies were needed to ensure that FDI delivered the expected contribution to sustainable growth, for example, by ensuring adequate technology transfer, skills development and linkages to other sectors of the economy. Entrepreneurship development was critical in this regard, and delegates noted the usefulness of the UNCTAD Entrepreneurship Policy Framework. The role of the State as regulator was pivotal in achieving sustainable development outcomes – especially in regulating sensitive sectors such as the extractive industries – upgrading public infrastructure, combating tax avoidance and improving corporate governance. Those were areas where stronger international cooperation was warranted and where UNCTAD would have a role to play.

108. The representatives of some countries and non-government organizations said that the Framework should guide future discussions to better balance the rights of States and private

investors at the time of renewing or signing new international investment agreements. Industrialized countries would also benefit, especially as they were becoming investment destinations for rising FDI outflows from emerging economies.

109. Reform was also encouraged to improve investment dispute settlement, especially concerning transparency and equity issues but also concerning the need to minimize costs of investment dispute resolution. How to manage reforms, with a view to fostering a transition to a more sustainable development-friendly regime of international investment agreements, without unduly compromising on the security, predictability and stability required by foreign investors, was a key issue. Sharing experiences could offer a useful contribution in this regard.

110. Delegates encouraged UNCTAD to continue its work on investment for sustainable development in all its three pillars of expertise: policy research and analysis, technical cooperation activities and providing a platform for intergovernmental consensus-building. Regarding technical cooperation, they encouraged the secretariat to continue providing technical assistance on the collection of FDI statistics, including statistics on the impact of FDI so as to feed into UNCTAD's recently developed FDI contribution index. Other effective means of technical cooperation were its Investment Policy Reviews, praised as being highly relevant for government officials, particularly for identifying economic sectors and promoting foreign investment in industries with potential for growth; and its training courses and advisory work on international investment agreements.

111. Delegates agreed that particular attention should be given to putting the Investment Policy Framework for Sustainable Development at the core of all these activities. UNCTAD's record of work on investment and its expertise had placed it at the forefront of the global debate on investment and development. There was a general consensus that the Framework offered a strong point of departure, presenting a platform for multilateral discussions and consensus-building and giving useful guidance for a transition towards a new generation of investment policies that prioritized sustainable development outcomes.

I. UNCTAD's contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields

(Agenda item 10)

112. The Deputy Secretary-General of UNCTAD presented the report of UNCTAD's contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields contained in document TD/B/59/6. Following the Deputy Secretary-General's presentation, several member States made statements on behalf of regional groups. They said that it an agenda item of great importance. Over the past few years, they had asked for improvements in how the agenda item was treated.

113. Several member States regretted that very little time had been afforded for this agenda item and requested that more time be devoted to the item in future sessions of the Trade and Development Board to enable a true intergovernmental discussion on how UNCTAD as a whole could make a contribution through its three pillars.

114. Member States expressed appreciation for the report and activities of the UNCTAD secretariat in these areas through its three pillars. They requested that the secretariat continue its work in multiple areas. Several member States noted that UNCTAD should proactively think about how it could participate in major United Nations conferences and how it could

bring development to the discourse. Member States requested that the secretariat present ideas on how to enhance the intergovernmental deliberations of UNCTAD and how to collaborate with other institutions in relevant forums in the United Nations.

115. Speaking on behalf of a regional group, one member State shared the group's belief that in order to benefit from the work of UNCTAD, it was necessary to find ways and means to better translate the findings and analytical work of UNCTAD into action and to improve the global development agenda.

116. Member States looked forward to the preparatory process of UNCTAD for events. They asked the President of the Trade and Development Board to begin consultations at the earliest opportunity with member States on how UNCTAD, with its three pillars, could prepare for events such as its fiftieth anniversary and the review of the MDGs in 2015. Member States suggested that perhaps a special session of the Trade and Development Board could be convened to place preparations for the celebration of the fiftieth anniversary of UNCTAD on a firm footing.

J. Review of the technical cooperation activities of UNCTAD

(Agenda item 11 (a))

117. Two delegations stressed the importance of UNCTAD technical cooperation activities, particularly in the area of science, technology and innovation.

K. Report on UNCTAD assistance to the Palestinian people

(Agenda item 11 (b))

118. Twenty delegates, including those of four regional groups, made statements on the Report on UNCTAD assistance to the Palestinian people (TD/B/59/2). While 19 delegates expressed appreciation of the report's findings and commended the secretariat's tangible support to the Palestinian people, one delegation expressed a reservation.

119. The representative of the secretariat said that the findings of this and last year's report had been echoed by reports of the International Monetary Fund and World Bank (23 September 2012) to the Ad Hoc Liaison Committee. UNCTAD was able to foresee problems and contribute to the negotiations, which had started in July 2012, between the Palestinian and Israeli sides to reduce the Palestinian fiscal leakage to Israel. He expressed the hope that the analysis of this year's report would contribute to addressing emerging crises, identifying long-term constraints on the Palestinian economy and proposing solutions to transform it into a dynamic economy for the future Palestinian State. By doing so, he expressed the hope that UNCTAD would contribute to a lasting peace in the Middle East.

120. Almost all delegates expressed concern over the constraints on Palestinian development, including the continued occupation, the expansion of Israeli settlements, deteriorating economic prospects, the destruction of Palestinian assets and productive base, the fragmentation of domestic markets, the isolation from international markets, dependence on the Israeli economy, declining foreign aid, limited export capacity, mobility restrictions on Palestinian people and goods, the dire situation in Gaza, a weak private sector, the destructive effects of the separation barrier, and the lack of progress in political negotiations for a just settlement of the Palestinian cause.

121. The vast majority of delegates deplored the difficult living conditions in the Occupied Palestinian Territory and called for concerted action by the international community to

support economic development and improve socioeconomic conditions in the Territory. One delegate stated that the impoverishment of the Palestinian people, demolition of their infrastructure and homes and the expansion of Israeli settlements had added to existing fragmentation and had given rise to "bantustans". Informed by its own history of apartheid, oppression and abuse of human rights, his country deplored actions that did not help the quest for a permanent solution to the Palestinian cause.

122. Many delegates stated that GDP growth in the previous two years was deceptive. The high rates of poverty, unemployment, declining real wages and productivity, food insecurity and loss of land and natural resources were better indicators of the reality on the ground.

123. The vast majority of delegates expressed concern over the Palestinian Authority's fiscal crisis, mounting debt and falling aid. They warned against the negative impact of fiscal austerity under current conditions and attributed the fiscal crisis to lack of sovereignty over borders, revenue leakage to Israel and loss of potential output due to occupation.

124. The vast majority of delegates noted that years of occupation had rendered Palestinian agriculture incapable of realizing its productive and employment potential. The fact that only 35 per cent of irrigable land in the Occupied Palestinian Territory was actually irrigated cost 110,000 jobs and 10 per cent of GDP annually. They expressed alarm over the obstacles placed by Israel on Palestinian agriculture, its tight control over imports and exports, the construction of the separation barrier, the expansion of illegal settlements, the prevention of Palestinian farmers from accessing their land and the uprooting of millions of fruit trees. Delegations said that the Israeli ban on good-quality fertilizers had caused agricultural productivity to decline by 33 per cent, rendering Palestinian produce uncompetitive in domestic and regional markets.

125. Many delegates expressed concern about Israel's over-extraction of water from Palestinian sources for use inside its borders and settlements, while denying Palestinians the right to construct wells to meet their growing demands for water. Palestinian fishermen were only allowed to fish within a three-nautical-mile radius, instead of the 20 miles stipulated in the Oslo Accords. Without Palestinian control over their land and water, there was little scope for designing plans to develop and optimize the use of scarce Palestinians resources.

126. The representative of Palestine commended the UNCTAD report and its assistance to the Palestinian people. He said that the brief report provided broad analysis, saving readers from having to consult other sources. It was unacceptable that the Palestinian economy continued to be hostage to a restrictive economic agreement (Paris Protocol) and a distorted customs union, which had been signed 18 years ago to serve a five-year interim period. That period was to be followed by normal economic relations between the two States. He called upon the occupying power to end the colonial settlements and military occupation and to release Palestinian freedom fighters from Israeli prisons. He said that their just cause and legitimate national struggle would prevail, and the Palestinian voice would be heard everywhere until the day of liberation and the establishment of the Palestinian State with its capital in Jerusalem.

127. The representative of Israel welcomed programmes supporting the Palestinian economy because they would contribute to a lasting peace, and expressed interest in the work of UNCTAD towards building Palestinian institutional and policy capacities. He expressed disappointment in a report that involved itself in politics and partisanship rather than progress and professionalism. He described the report as partial, full of faulty references and biased sources. In addition, the report failed to mention positive actions taken by the Government of Israel to improve living conditions for the Palestinian people, such as a series of cooperative

activities relating to water, labour and public finance. He expressed a reservation about the report on behalf of his Government.

128. The representative of the European Union said that it was the largest donor in the Occupied Palestinian Territory. Several delegates said that they provided support to the Palestinian people through bilateral and multilateral channels. Many delegates expressed appreciation for UNCTAD technical cooperation activities and requested that support be stepped up to the Palestinian people and to the UNCTAD programme of assistance to the Palestinian people to strengthen its research capacity and technical cooperation projects in line with the intensified work programme mandated by UNCTAD XIII.

L. Matters requiring action by the Board in the follow-up to the thirteenth session of the Conference

Follow-up to the Joint Inspection Unit report and the agreed conclusions of the twenty-sixth special session of the Trade and Development Board on 6 July 2012
(Agenda item 12)

129. The Deputy Secretary-General of UNCTAD presented the work plan to the Board. He described the actions envisaged for each of the seven areas that the secretariat would focus on to enhance the management and administration of UNCTAD and the timelines for deliverables. Work had already started in some areas, in particular on enhancing the results-based management framework. The senior management of UNCTAD would regularly monitor the implementation of the work plan and undertake necessary adjustments to ensure progress towards achieving the outcomes. In order not to impact adversely on activities that had already been programmed for the 2012–2013 biennium, some of the activities presented in the work plan would require extrabudgetary resources for their implementation.

130. The representatives of three regional groups and of several delegations affirmed their support for UNCTAD's work, expressed their appreciation to the UNCTAD secretariat for the draft work plan to enhance the management and administration of UNCTAD and emphasized that the exercise was aimed at strengthening the Organization.

131. The representatives of two regional groups said that the priority of the Trade and Development Board should be to focus on the substantive work of UNCTAD. They expressed concern that the issue had hindered consensus building at UNCTAD. The representatives of one regional group and of one member State said there was a need to focus on strategic guidance, while giving full trust and room to the secretariat for its implementation of the work plan.

132. The representatives of two regional groups and of four member States requested that a more detailed work plan containing specific actions, milestones and timelines over the next four years be presented. Two delegations stressed the importance of having more regular updates on the progress made in its implementation. Another delegation said there was a need to clarify the roles and responsibilities of different parties in implementing the work plan. One delegation expressed concern that the current work only addressed 7 out of the 12 recommendations of the Joint Inspection Unit report, focused overly on the status quo and contained only one deadline.

133. The representatives of two regional groups said that the implementation of the work plan should not adversely impact on the resources for the implementation of the Doha Mandate.

134. The representatives of a regional group and of several member States said that the secretariat should use or reallocate resources within the regular budget to implement the work plan, especially those actions relating to strengthening the framework for results-based management and to improving evaluation and monitoring, human resources management, and internal and external coordination.

135. With regard to the framework for results-based management, the representatives of one regional group and of one member State said that actions in this regard should be given priority in the strengthening of the management and administration of UNCTAD. The former urged rapid implementation of actions pertaining to enhancing results-based management, as donors were basing decisions on future funding on this matter, and asked that the entire framework be completed before the annual session of the Board in September 2013. The same delegation requested the secretariat to provide a fixed completion date for the results-based management manual on technical cooperation, while another said that all technical assistance projects should adopt a results-based-management approach.

136. Two delegations said that obtaining management buy-in was important to ensure that the framework was successfully operationalized. One of them asked the secretariat to outline specific plans for training management in results-based management concepts and a strategy for obtaining management buy-in.

137. Another delegation stated that the improved framework should take into account the elements outlined in paragraph 109 of the Joint Inspection Unit report and should draw on existing best practice, including the example of the Division on Investment and Enterprise.

138. The representative of a regional group emphasized that, as UNCTAD was part of the United Nations Secretariat, its results-based management approach should be consistent with the relevant frameworks of that Secretariat.

139. One delegation requested that the work plan clarify how results-based management initiatives would be implemented and how resources would be utilized in this regard. Another delegation suggested that the secretariat could utilize a results-based management approach to implement the work plan.

140. The representative of a regional group said that monitoring and evaluation should take into account qualitative as well as quantitative measures, while that of another regional group requested a more specific implementation calendar on enhancing monitoring and evaluation capacity, with intermediate steps and targets spelled out.

141. The representative of a regional group said that the secretariat could do more to enhance outreach and communications. In particular, efforts should be stepped up to brief delegations on the secretariat's contact with capitals, as well as direct contacts and arrangements by the secretariat with capital-based officials invited to participate in UNCTAD meetings. He asked the secretariat to improve coordination with the Office of the United Nations at Geneva to ensure the timely translation of documents, noting that the work plan was not available in all official United Nations languages, despite the interest of all delegations on the subject. One delegation voiced support for increasing the President's monthly consultations with more follow-up meetings and consultations, rather than focusing on enhancing the UNCTAD website.

142. With regard to human resources management, the representatives of two regional groups said that the secretariat should take more steps to achieve equitable geographic representation. Both expressed concern that more than 50 per cent of UNCTAD posts were given to nationals from one regional group. They encouraged the secretariat to address the

issue by disseminating vacancy notices to developing countries, including to the Permanent Missions, and by posting them on the UNCTAD website.

143. The representative of one regional group said that the work plan should not just address geographical and gender balance, but also recruitment, selection, promotion, appointments and retirement. The same delegation and one member State called upon UNCTAD to develop a comprehensive strategy to make its human resources management more professional, systematic, efficient and transparent. The latter delegation said that the strategy should include mechanisms for knowledge transfer, review of relevance of positions being vacated, a strategic approach to professional development and an appropriate and transparent use of contracts.

144. Two delegations stressed the importance of improving staff morale and satisfaction in UNCTAD. One delegation asked the secretariat to consider this a priority and to follow up by launching an unbiased and comprehensive self-evaluation and to build on its findings.

145. The representatives of a regional group and of a member State requested the secretariat to report regularly to member States on staffing statistics and indicators, including gender and geographical distribution of posts. The latter delegation requested that the secretariat provide staffing statistics to member States annually to show the actual number of applicants and staff by gender and country, along with the method of outreach. The representative of the regional group requested that the list of indicators be sent to member States three times a year.

146. The representatives of two regional groups welcomed the recommendation for a fundraising strategy, one of which underlined the importance of such a strategy and the non-earmarked trust fund to its group. Noting that these two issues had not been adequately addressed in the work plan, the latter requested that a revised version of the work plan better address the needs of all member States in a balanced manner.

147. The representative of another regional group noted that an effective fundraising strategy should contain a results-based management framework and be supported by enhanced monitoring and evaluation. Such a strategy could not function unless substantial improvements were achieved in these areas. The Least Developed Countries Trust Fund was highlighted as being of concern with regard to the quality of the planned activities and lack of information on the activities' potential results and impact.

148. The representatives of two regional groups welcomed the recommendation to establish a non-earmarked trust fund; however there was a need for greater detail on how to achieve that objective.

149. The representatives of a regional group and of a member State said that the success of a non-earmarked trust fund depended on the donors' willingness to finance it, which in turn depended on progress achieved in results-based management, and in monitoring and evaluation. Therefore, the possibility of establishing such a trust fund should only be discussed once those issues had been properly resolved. The representative of the regional group suggested that an intermediate step could be the consolidation of trust funds by Division.

150. The President proposed a draft decision, which was adopted by the members of the Board (see section I.D) at its closing plenary session.

III. Procedural and related matters

A. Opening of the session

151. The fifty-ninth session of the Trade and Development Board was opened on 17 September 2012 by Mr. Mothae Anthony Maruping (Lesotho), President of the Board at its fifty-eighth session.

B. Election of officers

(Agenda item 1)

152. At its opening plenary meeting, the member States elected Mr. Jüri Seilenthal (Estonia) and Mr. Muktar Tileuberdi (Kazakhstan) to serve in succession as Presidents of the Board at its fifty-ninth session.

153. The Board completed the election of officers to serve on the Bureau of the Board at its fifty-ninth session by electing seven vice-presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

President:	Mr. Jüri Seilenthal (Estonia)
Vice-presidents:	Ms. Marion Williams (Barbados) Mr. Miguel Carbo Benites (Ecuador) Ms. Ellen S. Nee-Whang (Ghana) Mr. Mohamed A. Al-Hakim (Iraq) Mr. Muktar Tileuberdi (Kazahkstan) Mr. Urmuuna H. Orjiako (Nigeria) Ms. Gabrielle Boner (Germany)
Rapporteur:	Mr. Mohammad Kazem Asayesh Talab Tousi (Islamic Republic of Iran)

154. Following established practice, the Board agreed that the regional coordinators and other recognized groups of UNCTAD, would be fully associated with the work of the Bureau of the Board.

C. Adoption of the agenda and organization of the work of the session

(Agenda item 2)

155. At its opening plenary meeting, the Board adopted the provisional agenda for the session contained in TD/B/59/Rev.2 (see annex I).

156. The following officers were elected to serve on the Bureau of Sessional Committee I to consider agenda item 5, UNCTAD's contribution to the implementation of the Istanbul Programme of Action for LDCs: First progress report:

Chair:	Mr. Mukhtar Tileuberdi (Kazakhstan)
Vice-Chair-cum-Rapporteur:	Mr. Mohamed Elmurtada Mubarak Ismail (Sudan)

157. The following officers were elected to serve on the Bureau of Sessional Committee II to consider agenda item 6, Economic development in Africa: Structural transformation and sustainable development in Africa:

Chair:	Mr. Umunna Humphrey Orjiako (Nigeria)
Vice-Chair-cum-Rapporteur:	Ms. Preeti Rahman (Bangladesh)

D. Review of the lists of States contained in the annex to General Assembly resolution 1995 (XIX)

158. No action was taken by the Board, as there were no new applications.

Annex I

Agenda for the fifty-ninth session of the Trade and Development Board

1. Election of officers
2. Adoption of the agenda and organization of the work of the session
3. High-level segment: Growth with jobs for poverty reduction: What can Africa learn from other regions?
4. Interdependence: Coordinating stimulus for global growth
5. UNCTAD's contribution to the implementation of the Istanbul Programme of Action for LDCs: First progress report
6. Economic Development in Africa: Structural transformation and sustainable development in Africa
7. Evolution of the international trading system and its trends from a development perspective
8. Development strategies in a globalized world: Reducing inequalities for balanced and sustainable development
9. Investment for development: Towards a new generation of investment policies for inclusive growth and sustainable development
10. UNCTAD's contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields
11. Technical cooperation activities:
    (a) Review of the technical cooperation activities of UNCTAD
    (b) Report on UNCTAD assistance to the Palestinian people
12. Matters requiring action by the Board in the follow-up to the thirteenth session of the Conference

    - Follow-up to the Joint Inspection Unit report and the agreed conclusions of the twenty-sixth special session of the Trade and Development Board on 6 July 2012
13. Other matters in the field of trade and development:
    (a) Progressive development of the law of international trade: Forty-fifth annual report of the United Nations Commission on International Trade Law
    (b) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO
14. Report of the Working Party on the Strategic Framework and the Programme Budget
15. Institutional, organizational, administrative and related matters:
    (a) Report by the President of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action on the implementation of courses by the secretariat in 2011–2012 and their relevant impact; and the appointment of members of the Advisory Body for 2013

(b) Designation of intergovernmental bodies for the purposes of Rule 76 of the Rules of Procedure of the Board

(c) Designation of non-governmental organizations for the purposes of Rule 77 of the Rules of Procedure of the Board

(d) Review of the calendar of meetings

(e) Membership of the Working Party for 2013

(f) Review of the lists of States contained in the annex to General Assembly resolution 1995 (XIX)

(g) Administrative and financial implications of the actions of the Board

16. Adoption of the report on credentials

17. Provisional agenda for the s session of the Board

18. Other business

19. Adoption of the report

Annex II

Attendance[4]

1. Representatives of the following States members of the Trade and Development Board attended the session:

Albania
Algeria
Angola
Argentina
Austria
Bangladesh
Barbados
Belgium
Benin
Brazil
Cambodia
Cameroon
Central African Republic
Chad
Chile
China
Colombia
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Cyprus
Democratic Republic of the Congo
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Estonia
Ethiopia
Finland
France
Germany
Ghana
Greece
Grenada
Haiti
Holy See
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Israel
Italy
Japan
Jordan
Kazakhstan
Kuwait
Lesotho
Libya
Lithuania
Madagascar
Malaysia
Malta
Mauritania
Mauritius
Mexico
Mongolia
Morocco
Mozambique
Myanmar
Nepal
Nigeria
Oman
Pakistan
Panama
Peru
Philippines
Poland
Portugal
Qatar
Republic of Korea
Republic of Moldova
Russian Federation
Saudi Arabia
Senegal
Singapore
South Africa
South Sudan
Spain
Sweden

[4] For the list of participants, see TD/B/59/INF.1.

Switzerland
Thailand
The former Yugoslav Republic of Macedonia
Togo
Tunisia
Turkey
Ukraine
United Arab Emirates
United States
Venezuela (Bolivarian Republic of)
Viet Nam
Yemen
Zambia
Zimbabwe

2. The following observers attended the session:

Occupied Palestinian Territory

3. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific States
African Union
European Union
Organization of Eastern Caribbean States
Organization of Islamic Cooperation
South Centre

4. The following United Nations bodies were represented at the session:

Economic Commission for Africa
Economic and Social Commission for Asia and the Pacific
Economic and Social Commission for Western Asia
International Trade Centre
Office of the United Nations High Commissioner for Refugees
United Nations Office at Geneva

5. The following specialized agencies and related organizations were represented at the session:

United Nations Educational, Scientific and Cultural Organization
World Trade Organization

6. The following non-governmental organizations were represented at the session:

General category:

Arab NGO Network for Development
International Actuarial Association
International Centre for Trade and Sustainable Development
International Council of Women
International Trade Union Confederation
LDC Watch
Service Centre for Development Cooperation
Global Traders Conference
Third World Network
Village Suisse ONG

Special category:

International Ocean Institute

Organizations accredited to UNCTAD XIII

Centre for Economic and Policy Research/Our World Is Not for Sale
Instituto del Tercer Mundo/Social Watch
Jubilee South Asia Pacific Movement on Debt and Development
New Vision International
Office Africain pour le Développement et la Coopération, Senegal
Public Citizen's Global Trade Watch
Southern and Eastern African Trade Information and Negotiations Institute
Solidarité Agissante pour le Développement Familial
Third World Network Africa

7. The following panellists participated in the session:

Monday, 17 September 2012
Agenda item 3 – High-level segment: Growth with jobs for poverty reduction: What can Africa learn from other regions?
Mr. Mothetjoa **Metsing**, Deputy Prime Minister, Lesotho
Mr. Robert **Sichinga**, Minister of Commerce, Trade and Industry, Zambia
Mr. Bertrand **de Combrugghe**, Permanent Representative of Belgium

Tuesday, 18 September 2012
Agenda item 4 – Interdependence: Coordinating stimulus for global growth
Mr. Faizel **Ismail**, Permanent Representative of South Africa
Mr. Luis **Gallegos**, Permanent Representative of Ecuador
Mr. Costas **Lapavitsas**, School of Oriental and African Studies, United Kingdom of Great Britain and Northern Ireland

Wednesday, 19 September 2012
Agenda item 8 – Development strategies in a globalized world: Reducing inequalities for balanced and sustainable development
Mr. Nicholas **Schmit**, Minister of Labour, Luxembourg
Mr. James **Galbraith**, Professor, University of Texas, United States

Thursday, 20 September 2012
Agenda item 6 – Economic development in Africa: Structural transformation and sustainable development in Africa
Mr. Xavier **Carim**, Deputy Director, Department of Trade and Industry, South Africa
Mr. Mustapha Kamal **Gueye**, Economic Affairs Officer, Division of Technology, Industry and Economy, Economics and Trade Branch, United Nations Environment Programme, Geneva
Mr. Vinaye **Ancharaz**, Senior Development Economist, International Centre for Trade and Sustainable Development

Friday, 21 September 2012
Agenda item 5 – UNCTAD's contribution to the implementation of the Istanbul Programme of Action for LDCs: First progress report
Mr. Leopold Ismael **Samba**, Permanent Representative, Central African Republic
Mr. Shanker **Das Bairagi**, Permanent Representative, Nepal

Monday, 24 September 2012
Agenda item 9 – Investment for development: Towards a new generation of investment policies for inclusive growth and sustainable development
Ms. Anabel **González**, Minister of Foreign Trade, Costa Rica
Mr. Rob **Davies**, Minister of Trade and Industry, South Africa
Mr. Jeffrey **Sachs**, Special Adviser to United Nations Secretary-General Ban Ki-Moon on the Millennium Development Goals and Director of The Earth Institute, Columbia University (via video-link)

Tuesday, 25 September 2012
Agenda item 7 – Evolution of the international trading system and its trends from a development perspective

"Key issues arising of the international trading system and the impact on inclusive development"

Mr. Pascal **Lamy**, Director-General, World Trade Organization

"Rio +20: A renewed commitment to a multilateral trade and development agenda"

Mr. Roberto **Azevedo**, Permanent Representative of Brazil to the World Trade Organization and UNCTAD
Mr. Aaron **Cosbey**, Senior Adviser, International Institute for Sustainable Development
Mr. Claude **Fromageot**, Director of Sustainable Development, Yves Rocher Group, and Director, Yves Rocher Foundation, Yves Rocher, Paris, France